

Chief, Special Contracting Unit

5 March 1952

Chief, Administrative Staff (S)

Contractual Concepts and Policies

1. I have recently gone through the chronological correspondence file in my office and have extracted a vast amount of correspondence dealing with contractual questions which have arisen in the past. In almost every case, in attempting to explain the objection to a contractual principle or commitment, I have necessarily stated the reason for or the policy behind the objection.

2. It occurs to me that a review and analysis of each of these memoranda will immediately provide a tentative catalogue of the least understood contractual principles and problems.

3. I therefore suggest that you make such a review and extract, paraphrase, or restate the policies you find in these memoranda and have them typed on separate cards. I then think we should try to sort them by basic subject category such as:

Compensation - Allowances - Career Agents - etc.

4. There are probably other files in Finance Division and in the Office of the General Counsel which will contain additional contractual principles. In addition, Part XIV of the Confidential Funds Regulations probably contains many which can be catalogued.

5. I also think consideration should be given to the manner of presentation. A comprehensive document like Part XIV seems inflexible and many of the contractual policies will vary under any given present category of personnel depending upon the circumstances. I think we might better be able to work out a division of contractual principles exclusively on the basis of Agency relationship to the individual. I believe it is these relationships which normally govern the rights, privileges and benefits we grant various persons under varying circumstances. Suggested major categories of relationships are as follows:

Classified.....Contract Employees

Unclassified...Contract Employees

187 Primary Agent - CIA primary source of earned income. Therefore, normally highly controlled contractually. Cover vocation incidental or subsidiary to CIA duties.

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Secondary Agent - CIA secondary source of earned income. Therefore not highly controlled by contract although perhaps a high degree of operational control.

Volunteer Agent - No compensation - reimbursement for expenses only. A principal purpose of contract is to establish his acknowledgment of his responsibility to the Government on operational and security matters.

6. To illustrate the application of a contractual concept to these groupings, take the normal government allowances. These would normally be granted to a US resident falling in relationship categories of Classified Employee and Primary Agent. They might also be granted an Unclassified Agent but on a negotiated basis as to what GS grade equivalent we will arbitrarily establish for him for allowance purposes. The Secondary Agent might get some allowances of some sort but only on an operationally justifiable basis as negotiated with the individual.

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7. In the event you want some assistance on this work, I suggest you talk to [REDACTED] re the coordinated use of one or more of his people."

[REDACTED]
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Enclosures - 18

As Listed on Attachment A.

*(2nd to be completed)
as of 7 July 52*